

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. The Potsteyn plant of the East Bohemian Chemical Works (Vychodooceske chemicke zavody, n.p.) is located in Potsteyn, on the Tiocka Orlice River in the range of hills called Orlicko predhori. The town has about 1,200 inhabitants and also contains a factory called Delta and a plant for processing waste paper for the manufacture of paraffin.
2. This plant used to be a factory for bent furniture and mill-work for the building industry. It was established in 1924-26 and worked until 1931, when it closed down as a result of the depression. The plant started work again in 1940, when the Germans used it for war production until 1945. After the factory was nationalized, it switched to the manufacture of powder paints with a metal base. The Communists produced these solely for military aviation purposes.
3. The head of the factory is a 'workers' manager', Josef Apolin, appointed on 6 April 1952. His deputy is Josef Picha. The administration board consists of five clerks. The board of workers' supervision includes the peoples' commissar, Frantisek Martinec (administrator of a political school at Potsteyn), and his deputy, Frantisek Cap (chairman of the MNV & Local National Committee at Potsteyn). The factory's militia has 12 members, headed by Frantisek Jehlička, who is in charge of maintenance. The fire brigade has eight members, headed by Jan Votava, a maintenance official.
4. On 6 April 1952, the factory employed about 40 to 50 workers, which number was to be increased from employees of the main new building. Workmen are recruited among the local population, but 10 to 15 specialized workers come from other parts of Czechoslovakia. Two porters are on duty day and night. Two-thirds of the administrative staff are Communists, but more than half of the workers, and even most of them, are members on paper only.
5. The plant produces special spray paints for the Air Force. The chief product is called Stribrenka (silver paint). This is also sold commercially in round cans weighing $\frac{1}{2}$ kg. and 1 kg. in order to conceal the plant's actual production. Total production is about 500 to 600 kg. per month, but more than half of this is sold to the Air Force.

25 YEAR RE-REVIEW

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STATE	X	ARMY	X	NAVY	X	AIR	X	FBI		AEC									
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Total production is about four to five freight carloads per month, but around the beginning of 1952 it was rather less because of a shortage of raw materials. The plant's product is dispatched in wooden boxes which are both made and repaired on the premises of the plant.

6. The plant's machinery includes two modern [] mills and three electric melting furnaces. Work is continuous, being carried on in three shifts, except for Sundays and official holidays. In January 1952 several unidentified pieces of new machinery arrived at the plant. 25X1
7. The plant has coal furnaces in case of power failure.
8. Construction of the main production hall began in the fall of 1950 and the hall began producing in the fall of 1951.
9. In July 1951, the plant was almost completely demolished by an explosion, and production stopped for about two months. The explosion, which took place in the mills, was caused by the igniting of a fine power on a hot transmission bearing.
10. Basic raw materials used are aluminum and duraluminum, which are shipped to the factory from an unidentified military distributing center in Prague. The raw material is melted down in electric furnaces, then pressed through sieves. The resulting so-called "rice" is then cooled in concrete basins with running water. After that it is ground into a fine powder by the electric mills. The powder is mixed with chemicals (acetone or turpentine) or powders of other metals to produce various paints. The factory produces three main types of paint, as follows:
 - a. Non-colored paint in powder form. This type constitutes about 70% of total production. This paint is for military purposes and its production is supervised by Army experts. It is shipped away by rail to unknown destinations.
 - b. Non-colored and colored (red, green, yellow-gold and blue) types of paint. About 25% of this type is exported to China.
 - c. A non-colored powder paint mixed with acetone or turpentine, which is sold at retail under the name of Stribrenka, as mentioned above. This type constitutes about 5% of total production.

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